



Telephone:
(916) 445-0255

STATE OF CALIFORNIA
Office of the Auditor General

660 J STREET, SUITE 300
SACRAMENTO, CA 95814

Thomas W. Hayes
Auditor General

March 30, 1987

P-510

Honorable Art Agnos, Chairman
Members, Joint Legislative
Audit Committee
State Capitol, Room 3151
Sacramento, California 95814

Dear Mr. Chairman and Members:

This letter presents the results of our review of selected programs established by Senate Bill 813, enacted as Chapter 498, Statutes of 1983, the Hughes-Hart Educational Reform Act of 1983. We did not find problems that warranted further review with most of the programs either at the state level or at the two school districts and their associated teacher education and computer centers (TECCs) that we visited. The two TECCs comply with state law, and the two school districts comply with state requirements for the Mentor Teacher Program and for spending 85 percent of certain categorical funds for direct services to students. However, these school districts do not fully comply with the Classroom Teacher Instructional Improvement Program. Further, the State Department of Education (department) has not developed or implemented the California Assessment Program tests for grade ten or the Golden State honors examination for high school students. In addition, the State Allocation Board (board) and the Department of General Services could improve their procedures for determining eligibility for the Chapter 498, Statutes of 1983, incentive program for year-round schools. Finally, the department and the board could do more to encourage school districts to use alternatives to new construction, such as year-round schedules, to alleviate overcrowded conditions and thus reduce the demand on state funds.

Background

Chapter 498, Statutes of 1983, the Hughes-Hart Educational Reform Act of 1983 (act), effective July 28, 1983, introduced new education programs or changed existing ones in areas such as school finance,

Honorable Art Agnos, Chairman
Members, Joint Legislative
Audit Committee
March 30, 1987
Page 2

curriculum, length of school day and year, student rights and achievement, teaching, and administration. For example, the act required guidelines for curriculum, changed high school graduation requirements and the assessment of student performance, added minimum requirements for maintaining teaching credentials, improved compensation and training for teachers, added new opportunities for the training of school administrators, added funding requirements for some categorical aid programs, and modified funding for school operations and capital outlay.

Scope and Methodology

The scope of our audit was to examine six of the programs in the Hughes-Hart Educational Reform Act of 1983. We reviewed the following areas: the teacher education and computer centers, the California Mentor Teacher Program, the requirement that school districts spend 85 percent of specified categorical funds on direct services to students, the Classroom Teacher Instructional Improvement Program, the California Assessment Program, the Golden State Examination Program, and the incentives for year-round schools.

To determine whether school districts comply with the act in the selected programs, we visited Stockton Unified School District in northern California and Santa Ana Unified School District in southern California, two of the school districts that had implemented the programs that we were reviewing. To determine whether these districts' programs comply with state law, the California Administrative Code, and the department's policies and procedures, we interviewed district administrators, program staff, teachers, and union representatives, and we examined program documentation, program policies and procedures, and reviewed files.

To determine whether the department and the board comply with the requirements of the act in the selected programs, we interviewed program staff and managers, reviewed files, contacted additional school districts by telephone, and conducted tests to independently verify data.

Teacher Education and Computer Centers

The act required the Superintendent of Public Instruction to establish teacher education and computer centers (TECCs) to provide services previously provided by state school resource centers and professional development and program improvement centers. Section 44680.03 of the

Honorable Art Agnos, Chairman
Members, Joint Legislative
Audit Committee
March 30, 1987
Page 3

California Education Code requires that the TECCs provide training to teachers, administrators, and other persons providing services to schools. There are 17 regional TECCs in the State.

The county superintendents of schools in each of the TECC regions serving more than one county may establish an executive board to serve as a forum for resolving problems and reviewing policy issues. Executive boards are composed of all county superintendents of schools within the TECC region. The county superintendents of schools in the TECC region designate a single county office of education to administer the TECCs' budget. Each center is governed by a policy board of at least 12 members, the majority of whom are classroom teachers selected by other teachers. The department has developed a TECC handbook in lieu of regulations. The handbook stipulates that the TECCs must develop, implement, and evaluate training programs. TECC programs must respond to state mandates.

We visited the Region 7 TECC in Modesto and the Region 14 TECC in Orange County and found them in compliance with the Education Code and department policies. To determine whether the TECCs plan and provide training according to required procedures, we reviewed the TECCs' fiscal year 1986-87 applications for state funding that include assessments of training needs and plans for staff training. We also reviewed course descriptions and evaluation results. In addition, we determined that the policy boards of the TECCs we visited complied with the Education Code requirements for these boards. These TECCs also implemented courses based on needs assessments and approved plans. The Region 7 TECC provided training to teachers and administrators and focused on training for trainers of other teachers and staff. The Region 14 TECC provided training to teachers, administrators, and other staff. Both TECCs provided training in the state-mandated areas of mathematics, science, and technology.

California Mentor Teacher Program

The act established the California Mentor Teacher Program to encourage currently employed teachers in the public school system to pursue professional excellence and to provide incentive to teachers with demonstrated ability and expertise. Budget act appropriations for the program have grown from \$10.8 million in fiscal year 1983-84 to \$44.75 million in fiscal year 1985-86. In fiscal year 1985-86, 855 (78.7 percent) of the State's 1,086 school districts and county offices of education participated in the program.

Honorable Art Agnos, Chairman
Members, Joint Legislative
Audit Committee
March 30, 1987
Page 4

Section 44492 of the Education Code specifies that any school district may apply for and receive funds from the Superintendent of Public Instruction to provide individual stipends of \$4,000 for up to 5 percent of the total number of certificated classroom teachers in the district. Districts also receive \$2,000 per mentor as reimbursement for the necessary costs of participating in the mentor program, including administration and the costs of substitute teachers. According to Section 44495(a) of the Education Code, districts must establish selection committees to nominate mentor teachers. Although the majority of the committee members must be classroom teachers, committees must also include school administrators.

The code also specifies that teachers selected as mentors must meet certain minimum qualifications: first, mentors generally must be credentialed classroom teachers with permanent status in the district; second, mentors must have substantial recent classroom instruction experience; and third, mentors must demonstrate exemplary teaching ability. School districts must assign mentors primarily to provide guidance to new teachers. Mentors may provide training to other staff and develop special curriculum.

Santa Ana Unified School District implemented the program in fiscal year 1983-84 and has appointed 43 mentor teachers for fiscal year 1985-86. The district's policies and standard procedures for the program met the requirements established in the Education Code and the California Administrative Code. The mentor teachers' responsibilities met the intent of the Education Code. Although the Stockton Unified School District has established policies and procedures for its program that comply with state law, it had not implemented the mentor program as of January 1987.

Categorical Funds for Direct Services to Students

Section 63001 of the Education Code, as added by the act, requires school districts that receive apportionment for specified categorical programs in any fiscal year to budget and spend no less than 85 percent of that apportionment on direct services to students. The act included seven categorical programs: child care and development, school library, school improvement, bilingual education, Economic Impact Aid, the Miller-Unruh Basic Reading Act of 1965, and compensatory education. We reviewed the school improvement program, the bilingual education program, and the compensatory education programs at the Stockton Unified School District. We reviewed the school improvement program

Honorable Art Agnos, Chairman
Members, Joint Legislative
Audit Committee
March 30, 1987
Page 5

and the bilingual education program at the Santa Ana Unified School District. (This district did not have a compensatory education program.)

The school improvement program provides funds to schools for a variety of purposes, such as teacher aides, staff development, and curriculum development. The school improvement program has four basic features: planning, local participation, additional resources and support for schools, and evaluation of local programs. The bilingual education program assists students who have limited ability to speak and write English. The state compensatory education program assists students who are educationally disadvantaged due to poverty, language barriers, or cultural differences, or who experience learning difficulties in specific subject areas. Economic Impact Aid is the funding source for the state compensatory education program and the bilingual education program.

To determine whether school districts budget and spend no less than 85 percent of their categorical funds for direct services to students, we examined the budgeted allocations of the selected categorical funds to the districts' administration and to direct services to students, based on the department's criteria for direct services. We also determined whether expenditures followed department criteria. Finally, to determine how the school districts interpret the term "direct services," we interviewed district administrative staff as well as the school principals at three schools in each district.

These schools developed individual school plans to budget the categorical funds for direct services to students for each academic year, and the districts' administrative staff reviewed the plans to ensure that allocations comply with the 85 percent requirement. We found that both districts were budgeting and spending at least 85 percent of the categorical funds we reviewed for direct services and that both districts followed the guidelines provided by the department in defining what constituted a direct service.

Classroom Teacher Instructional Improvement Program

The act added Sections 44700 through 44705 of the Education Code to establish the Classroom Teacher Instructional Improvement Program (CTIIP) to provide funds to encourage teachers to improve the quality of instruction. The program grants fund activities that supplement regular instructional activities. A school district is eligible for a total grant entitlement equal to 5 percent of the district's permanent

Honorable Art Agnos, Chairman
Members, Joint Legislative
Audit Committee
March 30, 1987
Page 6

full-time teachers, multiplied by \$2,000, exclusive of teachers in adult education, child care and development, and regional occupational centers and programs. A school district may request from the State reimbursement for administrative costs up to 5 percent of the district's total grant entitlement, that is, up to \$100 per grant of \$2,000. Each full-time teacher or mentor teacher whose primary duty is classroom instruction and whose grant proposal is approved by the school district's governing board may receive any amount up to \$2,000 per fiscal year. A group of teachers may submit a joint proposal, in which case each member of the group is eligible for a grant up to \$2,000.

Each district that applies for program funding must establish an instructional improvement grant committee to review grant proposals and make recommendations to the district's governing board. The majority of committee members must be eligible teachers selected by the teachers of the district. The committee must also include at least one principal, selected by the district superintendent. Section 44702(d) of the Education Code requires that committee members not receive compensation for participation; however, teachers may be released from classrooms in order to attend meetings of the committee.

The programs administered by the two districts we visited complied with most of the requirements of the Education Code; however, these districts have policies to compensate their committee members who are teachers for time spent conducting committee work. Also, both district administrators said the districts compensate their teachers for time spent conducting committee work after school hours. In addition, representatives of two of four other large school districts we contacted stated they also compensate their committee members. The district administrator who is responsible for CTIIP at Santa Ana Unified School District told us that teachers generally prefer to remain in their classrooms during the instructional day to avoid disrupting their classes and that the teachers usually would not volunteer for the committee if they were not compensated. The Stockton Unified School District administrator stated that since the CTIIP selection committee did not meet until after the last day of the school year, the teachers association contract required the teachers to be reimbursed at the teachers' daily rate. According to the department's manager of staff development, although the department distributed copies of the act after the bill was enacted in 1983, as well as advice on other aspects of the program, it has not specifically notified districts that compensating members is prohibited.

Honorable Art Agnos, Chairman
Members, Joint Legislative
Audit Committee
March 30, 1987
Page 7

Although the cost of compensating teachers who spend a full day on CTIIP selection committee work is greater than the cost of compensating teachers hired to substitute for committee members who leave the classroom for a full day, the districts we visited fund these costs either with the program administrative reimbursements from the department or with funds from the district's general fund. If the cost of compensation exceeds the administrative reimbursement, districts bear the extra cost themselves.

California Assessment Program and
Golden State Examination Program

The California Assessment Program (CAP) is a statewide testing program administered by the department. It is a standardized test of academic skills administered in all California public school districts. The CAP tests are not used to evaluate individual student progress. Instead, the tests are designed to assess, on the school and district levels, student achievement in academic subjects. The results are used by the Legislature, the department, school districts, and individual schools. Results are used to evaluate the strengths and weaknesses of instructional programs. According to the department's budget records, the CAP has an operating budget of over \$4.7 million for fiscal year 1986-87. In addition, department records show that since fiscal year 1983-84, the CAP has been budgeted over \$15.8 million.

Before the act, the CAP tests were administered to students in grades three, six, and twelve. The act expanded the CAP to grades eight and ten and made implementation of the grade ten test dependent upon available funding. The department has implemented the grade eight test; however, as of January 1987, the department had not developed a grade ten test.

The act also required the Superintendent of Public Instruction to develop the Golden State Examination Program to measure individual high school student achievement in order to confer special honors upon graduating students who excel in academic subjects. Section 60701(a) of the Education Code required the Superintendent of Public Instruction to develop the Golden State Examinations in six specified academic subject areas by March 15, 1985. However, as of October 1986, only examinations in mathematics, one of the six subjects the act mandated, had been partially developed and tested in a pilot project.

The department's Office of California Assessment Program is responsible for preparing, administering, and analyzing the CAP tests. The CAP office is also responsible for developing the Golden State Examination Program.

Honorable Art Agnos, Chairman
Members, Joint Legislative
Audit Committee
March 30, 1987
Page 8

We focused our review of the department's management of the CAP on the problems that a departmental internal management audit identified in November 1985. The department audit noted that problems occurred during fiscal year 1984-85 with the CAP office's planning, monitoring, and communication. As a result of these problems, the office exceeded its budget by \$173,840 in fiscal year 1984-85. According to the department's audit, during fiscal year 1984-85, the CAP office planned to develop more tests than it could accomplish with available staff. The CAP office also did not promptly identify changes made by the department to the CAP budget during the year. Further, the CAP office did not always monitor expenditure reports to determine whether all charges to its programs were related to its work. Finally, the CAP office lacked documentation for its policies and procedures.

To determine whether the CAP office had resolved its monitoring problems, we reviewed 21 of 62 expenditures on the November 30, 1986, detailed report on the CAP expenditures prepared by the department's accounting office and found that the CAP office had monitored and corrected the expenditure entries on the report. We also examined all monthly cost reports for fiscal year 1985-86; as of June 30, 1986, the CAP office had not exceeded its CAP budget. The CAP's director and the analyst in charge of monitoring the expenditures and budget stated that they have established unwritten procedures to monitor changes in the CAP budget.

To improve its communication, according to the director of the Curriculum, Instruction and Assessment Division, the CAP office established regular meetings with division supervisors. The CAP office also met regularly with department accounting staff and with budgeting staff to more closely monitor budget and expenditures and to report on the progress of its work.

To improve its planning, after the 1985 audit, the CAP office established a four-year plan for the CAP tests. Although, the department submitted budget requests for work identified in the four-year plan, the Department of Finance did not approve all of the work proposals. For example, for fiscal year 1987-88, the department submitted a budget request to develop the grade ten test according to the schedule on the CAP's four-year plan; however, as of January 1987, the Department of Finance had not approved the request. The Department of Finance analyst for the CAP told us that his department believed it was necessary for the CAP office to complete development of its tests already in progress and not to start a new test.

Honorable Art Agnos, Chairman
Members, Joint Legislative
Audit Committee
March 30, 1987
Page 9

In fiscal year 1983-84, the Legislature provided \$550,000 to develop a grade ten CAP test; however, according to the CAP director, the department redirected the funds to implement the State's administration of the grade eight test. The Legislature, by enacting Chapter 1568, Statutes of 1985, effective October 2, 1985, approved that redirection by reappropriating the \$550,000 for the grade eight test. In addition, since 1983-84, according to Department of Finance records, the Legislature has appropriated \$928,000 for the Golden State Examination Program. However, the department's deputy superintendent for administration said in an April 1986 letter that the cost of developing the examination program had been underestimated. Furthermore, the department's multi-year plan shows that it does not expect to complete the Golden State Examination Program until 1992.

Without the CAP tests, the Legislature, the department, and school districts are less able to evaluate specific strengths and weaknesses in school curricula. Further, without the Golden State Examination, the State does not have a statewide, comprehensive honors program to recognize achievement by individual high school students.

Incentives for Year-Round Schools

The Department of General Services administers the program to implement the Leroy F. Greene State School Building Lease-Purchase Law of 1976 (Chapter 22, beginning with Section 17700 of Part 10 of the Education Code). Chapter 498, Statutes of 1983, as amended, requires that a district's application for Lease-Purchase funds be accompanied by a five-year plan for construction and rehabilitation of school facilities for the district. In the plan, the district must indicate that it has "considered" alternative uses of existing facilities, such as year-round schools.

The State Allocation Board approves the eligibility of school districts that apply for state funding for school construction. The board is also responsible for certifying the amount of incentive funds for year-round schools. Additionally, Section 42250.2 of the Education Code requires the board to notify applicant school districts that they are encouraged to use their facilities year round.

Further, Sections 16010 and 16011 of the Education Code assign the State Department of Education the responsibility for assisting school districts in long-range, comprehensive master planning. Pursuant to Title 5, Section 14000, of the California Administrative Code, the department's School Facilities Planning Unit, within its School Facilities, Organization, and Transportation Division, is responsible

Honorable Art Agnos, Chairman
Members, Joint Legislative
Audit Committee
March 30, 1987
Page 10

for guiding school districts in planning and acquiring educational facilities. The planning unit is responsible for approving the districts' sites for new facilities and for approving preliminary and final construction plans for Lease-Purchase funding.

Eligibility for Incentives

The Education Code and the California Administrative Code indicate that year-round schedules can alleviate overcrowding in schools by adding pupil capacity to a school. Certain year-round school schedules, for example, "multi-track" schedules, can offer more capacity than traditional schedules. Title 2, Section 1846(a)(3) of the California Administrative Code defines a year-round school as a school in which students are divided into groups of pupils who attend in rotating shifts of sessions. Such schedules can be staggered schedules that enable schools to accommodate more pupils than does either a traditional nine-month schedule or a single-track, or "block," year-round schedule.

For districts to be eligible for Lease-Purchase construction funds, the districts must have or expect to have more students than their existing capacities allow. However, the act encourages school districts to use their facilities year round. Thus, for districts that are eligible for funding for construction of new facilities, Sections 42250 and 42250.2 of the Education Code also provide for incentive payments of \$25 per pupil enrolled, due to overcrowding, in year-round schools.

Sections 17850 and 17852 of the Education Code also offer incentives to districts to use alternatives other than construction of new facilities; these alternatives include year-round schools. To receive this incentive funding, a district must withdraw a portion of its application to construct new facilities. Further, Section 42250.3 of the Education Code, effective January 1, 1987, offers incentives to school districts, in addition to those offered by Section 42250, if the school districts demonstrate, for example, that they have substantial overcrowding and that they are using year-round schedules to increase the capacity of their facilities. Finally, Section 37610 of the Education Code authorizes school districts to establish continuous or year-round schools, and Section 37600 of the Education Code expresses the Legislature's intent that school facilities be used more intensively.

Honorable Art Agnos, Chairman
Members, Joint Legislative
Audit Committee
March 30, 1987
Page 11

During fiscal years 1984-85 and 1985-86, the State spent almost \$8.5 million for incentive payments to districts. The governor's budget proposes \$15 million in incentives for year-round schools for fiscal year 1987-88.

The Department of General Services administers the year-round schools incentive program. Although it sends a notice to districts about the programs, the notice only identifies the incentive programs and includes an application form. It does not define "year-round use due to overcrowding." Without a specific definition, school districts have not interpreted consistently the requirement that schools be operated year round due to overcrowding; as a result, some schools that the board approved for incentives are utilizing year-round schedules that do not add pupil capacity to the schools. The board and the Department of General Services have relied on districts' certifications that the "schools are being operated on a year-round basis due to overcrowding" and have not required independent verification or supporting analysis of year-round schedules or increased capacity. As a result, the board has approved incentive payments of approximately \$169,000 for schools on year-round schedules that do not add pupil capacity.

Encouraging Use of Alternatives

Based on a 1986 Department of Finance study of the projected need for school facilities and based on the funds available for construction according to the board, we estimate that California could face a shortage in school construction funds of \$3.6 billion by 1991. This estimate does not include certain recent events that could increase the demand on the funds. For example, the square footage the State allows for school facilities increased pursuant to Section 17746.7 of the Education Code (Chapter 886, Statutes of 1986). As a result of this section, school districts eligible to receive construction funds will be allowed to build larger facilities. However, the projected demand on school construction funds may be heavier than would be necessary if the board and the department more actively encouraged districts to evaluate alternatives to construction.

School districts use the capacity of traditional school programs according to procedures established by the board to calculate their need for Lease-Purchase funding on their applications. They do not calculate need for new facilities based on year-round programs. For example, one of the school districts we visited employs year-round schedules in 12 of its elementary schools. According to a district assistant superintendent, the district implemented year-round schedules to solve overcrowding problems. This district has applied to construct

Honorable Art Agnos, Chairman
Members, Joint Legislative
Audit Committee
March 30, 1987
Page 12

11 new elementary schools; however, its estimate of its need for the new schools depends on its returning the existing year-round schools to schedules that offer less capacity. If this district used year-round schedules that provided a 15 percent increase in capacity in the district's existing year-round schools, it would reduce its requirements for funds for new school construction by approximately \$10.1 million. (However, year-round incentive funds that the district would receive will be paid from funds available for construction.) Although year-round schools may require increased operational costs due to increased utilities, maintenance, and administration, the increased operational costs should not exceed the costs of constructing whole new schools plus the operational costs of the new schools. For example, a 1977 Auditor General report on year-round schools stated that by avoiding construction costs for 28 classrooms, one school district saved over \$5 million in fiscal year 1975-76.

Even though the board approves districts' eligibility for funding for school construction, the board and the Department of General Services do not provide analytical information to districts to assist them in choosing between various alternatives, including construction. The Department of General Services sends to school districts that are interested in construction a handbook about school construction financing and alternatives to construction. This handbook briefly describes the various alternatives that districts might choose, including year-round schedules. It does not contain a format for either analyzing the cost of the alternatives or comparing those alternatives to the costs of constructing and operating new facilities. A district must state in its five-year plan for construction and rehabilitation of school facilities that it has considered alternative uses of existing facilities, such as year-round schools. However, districts do not have to provide documentation regarding their methods of analyzing the alternatives. In addition, the Department of General Services generally does not provide consultation to districts before they are interested in applying for construction funds to encourage them to choose alternatives.

The State Department of Education provides some assistance to school districts that express interest in using alternatives such as year-round schools. Within its Youth and Adult Alternative Educational Services Division, the department has assigned only approximately one-tenth of an education administration consultant's time to conduct workshops, publish a statewide directory of year-round schools, and provide technical assistance to districts interested in year-round education. Further, the department's School Facilities Planning Unit is responsible for assisting districts' long-range planning, approving

Honorable Art Agnos, Chairman
Members, Joint Legislative
Audit Committee
March 30, 1987
Page 13

the sites for new schools, and approving preliminary and final construction plans for Lease-Purchase funding. However, according to the director of the School Facilities, Organization, and Transportation Division, the planning unit has not formally assigned staff in fiscal year 1986-87 to improve the planning and management skills of local districts, including evaluating the alternative uses of school facilities. The coordinator of the planning unit told us that his staff do not have sufficient time both to review and approve construction plans and to provide comprehensive long-range planning guidance to school districts.

Under a January 1986 memorandum of understanding between the department and the board, the board rather than the School Facilities Planning Unit has initial contact with school districts interested in applying for state funds for facility construction. The director of the department's School Facilities, Organization, and Transportation Division told us that the planning unit can only provide limited and informal assistance to school districts in analyzing whether they should invest in facility construction or choose alternatives. He also stated that the planning unit does not have a format that districts can follow to analyze the costs of alternative ways to accommodate increasing enrollments. Furthermore, he told us that no model is available to districts statewide to assist them in making these decisions.

Conclusion

We did not find problems that warranted further review with most of the programs at the two school districts and their associated teacher education and computer centers that we visited. However, contrary to state law, the districts that we visited compensate teachers who are members of the committees that review grant proposals for the Classroom Teacher Instructional Improvement Program. Further, the State Department of Education has not developed or implemented the California Assessment Program test for grade ten. Nor has the department fully developed the Golden State Examination Honors Program for high school students, as required by the Hughes-Hart Educational Reform Act of 1983. In addition, the State Allocation Board and the Department of General Services could improve their procedures for determining eligibility for the incentive program for year-round schools established pursuant to Chapter 498, Statutes of 1983. Finally, the board and the State Department of Education could do more to encourage school districts to use alternatives to new construction, such as year-round schools, to alleviate overcrowded conditions and thus reduce the demand on state funds.

Honorable Art Agnos, Chairman
Members, Joint Legislative
Audit Committee
March 30, 1987
Page 14

Recommendations

To avoid disrupting classrooms and to increase teacher participation on Classroom Teacher Instructional Improvement Program committees, the State Department of Education should request the Legislature to eliminate the prohibition in Section 44702(d) of the Education Code against compensating members.

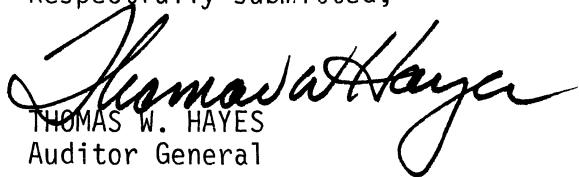
To clarify the procedures for determining school districts' eligibility for the Educational Reform Act's incentives for year-round schools, the State Allocation Board should specify that "year-round schools due to overcrowding" means those schools that use year-round schedules that increase pupil capacity and thus alleviate overcrowding. Further, to document that the schools are using these schedules, the Department of General Services should require independent verification, such as school calendars, from school districts applying for incentive funding for year-round schools.

Based on potential savings identified in this report and in the Auditor General's 1977 audit of year-round schools, the State Department of Education should assign additional staff within the department to encourage districts to choose alternatives to construction and to provide assistance to school districts in analyzing whether they should invest in facility construction or choose alternatives. Further, to assist districts in analyzing the costs of alternative ways to accommodate increasing enrollments, the State Department of Education should develop an analytical format that includes both operational costs and capital costs and that identifies the savings to the State and the district in selecting alternatives to construction. The State Department of Education should provide the analytical format it develops to districts with increasing enrollments. In addition, the Department of General Services should include the department's analytical format with its handbook when it sends information to school districts that are interested in applying for construction funds.

Honorable Art Agnos, Chairman
Members, Joint Legislative
Audit Committee
March 30, 1987
Page 15

We conducted this audit under the authority vested in the Auditor General by Section 10500 et seq. of the California Government Code and according to generally accepted governmental standards. We limited our review to those areas specified in the audit scope section in this letter.

Respectfully submitted,


THOMAS W. HAYES
Auditor General

Attachments: State Department of Education's response to the Auditor General's report

State and Consumer Services Agency's response to the Auditor General's report



CALIFORNIA STATE DEPARTMENT OF EDUCATION**Bill Honig**

721 Capitol Mall; P.O. Box 944272

Superintendent

Sacramento, CA 94244-2720

of Public Instruction

March 17, 1987

Thomas W. Hayes, Auditor General
Office of the Auditor General
660 J Street Suite 300
Sacramento, CA 95814

RE: P-510

Dear Mr. Hayes:

Thank you for the opportunity to review the draft report titled "A Review of Selected Programs Established by Chapter 498, Statutes of 1983, the Hughes-Hart Educational Reform Act of 1983."

As recommended, a change will be sought in Classroom Teacher Instructional Improvement Program legislation to allow compensation to committee members. We will recommend that the compensation cost come from the allowable five percent administrative costs or from a district's general funds.

Work on the proposed grade 10 test cannot begin until funding is made available. The Department requested funds to initiate development of the test in 1987-88 but other mandated test development was given priority in the budget. The Department initiated development of the Golden State Examination Program in 1984-85. Following initial development of the first two examinations in beginning algebra and geometry, a prototype administration was conducted in spring 1986. This spring the Department will administer these two Golden State Examinations throughout the state. The Department will also conduct a prototype administration of the Golden State Examination in U.S. history.

In the area of school facilities planning, the Department is pursuing several activities to expand the educational policy leadership role and the local educational assistance functions. Because of the importance the Department has placed on addressing these major issues, a separate School Facilities Division has been established reporting directly to the Deputy Superintendent for Field Services. This reorganization enhances policy development through the direct reporting relationship to the Deputy. The Department was successful in receiving approval of a budget change proposal to add three analytical and one clerical staff to the new division effective July 1, 1987. The Department also will request an additional administrator to function as the

Thomas W. Hayes
March 17, 1987
Page 2

day-to-day supervisor of the field representatives to allow the division director to focus on the much needed policy development issues, and an additional professional education position to cover a currently unassigned area of the state.

These additional staff resources will greatly facilitate our ability to increase assistance provided to school districts in facilities planning. In addition, the School Facilities Division is negotiating an agreement with the Office of Local Assistance to hold a pre-planning conference with applicant districts. This conference will assist districts in identifying alternatives to new construction. Among other things, issues addressed will include analyzing current facilities for adequacy to house year-round education programs, and space and loading analysis to determine capacity of current facilities.

Conceptually, we agree with the recommendation to provide guidance to districts in identifying savings to the State and the district in selecting alternatives to new construction. However, many factors must be taken into consideration beyond just operational costs and capital costs when determining alternatives. The educational impact, community reaction, administrative and teacher needs, and so forth, must be examined. The School Facilities Planning Division will continue to coordinate with the appropriate units within and outside the Department to provide districts with the information needed to make informed decisions regarding alternatives to new construction. The "Study of Year-Round Education in California" being prepared by the Department contains much of the conceptual and factual information districts need to assess the implementation of year-round education programs which is one alternative to new construction.

We appreciate the work your staff has performed in reviewing our progress in implementing SB 813. Your recommendations and comments will enhance our efforts to institute significant educational reforms.

Sincerely,



William D. Dawson
Executive Deputy Superintendent

WDD:c



State and Consumer Services Agency

OFFICE OF THE SECRETARY
915 Capitol Mall, Suite 200
Sacramento, CA 95814

March 16, 1987

Report No. P-510

Mr. Thomas W. Hayes
Auditor General
660 J Street, Suite 300
Sacramento, CA 95814

Dear Mr. Hayes:

Thank you for the opportunity to reply to your Report P-510 entitled "A Review of Selected Programs Established by Chapter 498, Statutes of 1983, the Hughes-Hart Educational Reform Act of 1983."

Corrective actions as appropriate are already being taken as further discussed below:

The report recommends that: a) The State Allocation Board specify that eligibility for the incentive program for year-round schools established by Chapter 498, Statutes of 1983, Hughes-Hart Educational Reform Act of 1983 be based on the use of multi-track year-round schedules developed to increase pupil capacity, thus alleviating overcrowding. b) That independent verification be required from districts to document these schedules when they apply for incentive funding for year-round schools.

The Department of General Services' response: a) The current law requires a district wide application of the overcrowding criteria. The report appears to interpret this provision on an individual facility basis.¹ To reflect the recommendations of the report, the law would have to be revised to the school facility level. b) The district currently submits verification of a year-round program to reduce overcrowding as part of the application package. Year-round schedules or calendars submitted by the district have been accepted for these supporting documents.

The report recommends: The Department of Education should assign additional staff resources to encourage districts to choose alternatives to construction and to provide assistance in analyzing the cost of alternative ways to accommodate increasing enrollment. This assistance should include the development of an analytical format that includes both operational and capital costs and identifies the savings to both the State and the district by selecting alternatives to construction. In addition, the Department of General Services should include this analytical format with the handbook which it sends to interested school districts.

*The Auditor General's comment appears on the next page.

DEPARTMENTS AND PROGRAMS OF THE AGENCY

Thomas W. Hayes
March 16, 1987
Page 2

The Department of General Services' response: We will include material developed by the Department of Education with our initial package to applicant districts as soon as it is completed and forwarded to the Department of General Services for use.

Again, I thank you for this opportunity to comment on your report. If you need further information or assistance on this issue, you may wish to have your staff contact W.J. Anthony, Director, Department of General Services at 445-3441.

Sincerely,



SHIRLEY R. CHILTON
Secretary of the Agency

cc: Department of General Services

SRC:as

-
- 1 Auditor General's Comment: The report does not recommend a change in the law; as the report states on page 10, the law requires districts applying for incentive funds established by Chapter 498, Statutes of 1983, to be eligible for funding for new construction. The report does not recommend that the requirements for a district's overall eligibility change. The report only recommends that the State Allocation Board clarify its procedures by specifying that operating schools "year-round due to overcrowding" means using year-round schedules that increase student capacity and thus alleviate overcrowding. The report also recommends that the Department of General Services require verification of these year-round schedules for the individual schools for which a district claims incentive funds.